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COMMERCIAL TREATIES AND
FOREIGN COMPETITION

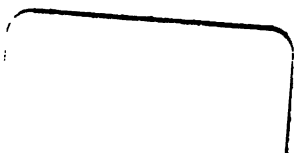


"FAIR TRADE."

C. HALFORD THOMPSON, F.S.S.



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**"COMMERCIAL TREATIES AND
FOREIGN COMPETITION."**

A TREATISE ON

"FAIR TRADE."

BY

C. HALFORD THOMPSON, F.S.S.

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P R E F A C E.

It will probably be decided before Parliament again meets whether the Commercial Treaty of 1860 with France is to be renewed, and with what alterations.

The following pages have been written to shew the injury that has been done to our manufacturing trade by that Treaty, and by the many others that sprung from it. If we wilfully tie the same burden round the necks of our manufacturers for another ten years, it is but too probable that long before the end of that period, many of our staple trades will be in the same position in which our once flourishing silk trade now is.

I have also endeavoured to shew what the real meaning of a "Fair Trade" policy is, and when we see how slight a blow would sever the connection between us and our colonies, a policy is at least worth consideration, which claims to be able to weld the colonies and dependencies of Great Britain, with the mother country into one powerful Empire.

C. HALFORD THOMPSON.

CLAREMONT, EXETER,

20th September, 1881.

COMMERCIAL TREATIES AND FOREIGN COMPETITION.

The past two years have made a vast change in the position of those who then dared to raise their voices in favour of something like fairness in our commercial relations with foreign countries. The Press, as a rule, was closed against us, and if by any chance articles advocating such views did succeed in getting inserted, Editors considered it their duty to guard themselves against any suspicion of being infected with such heretical opinions by some such footnote as this, which the Editor of *Fraser's Magazine* appended to an article by the present writer, that appeared in their columns in February 1879, viz. :—"This article is inserted without adoption of its principles, as a statement on the *pro*-side of a policy which is often alluded to, but chiefly known, perhaps, through the attacks of its opponents."

I confess I did not myself think that the change would come so soon, but its having done so, gives good hope that our policy may be reversed before permanent injury has been done, and that above all, our colonies may yet become united in interests with the mother country.

The present uncertainty regarding the renewal of the French Treaty renders this an especially favourable time to consider whether it is or is not desirable for us to renew this Treaty on the old terms, if the French are willing to do so, and as our commercial relations with France were the forerunners of all our Treaties with other nations, the consideration of the effects of that Treaty to a great extent will help us to judge whether any Treaty with a foreign nation ought to be entered into, except on a basis of reciprocity. According

to Professor Leone Levi,* the great authority on Free Trade, the Treaty of Commerce, which was made in 1860 with France, "inaugurated a new era in the commercial policy of many countries in Europe." I quite agree with the assertion, but the question for us to consider is this, viz.:--Was the policy which dictated the Anglo-French Treaty one that favoured *British* interests or was it only, as the Professor afterwards said, one in which the principles of the "Treaty were in accord with the *best interests* of the *French* nation"? That it was in accordance with French interests few who look into the matter will doubt, although some French manufacturers would like to see the present high duties levied on our manufactures by France made entirely prohibitive, and still to have the power of exporting their own goods to this country free; but the advantages to England are more difficult to discover, and even the penetrating eye of a skilled observer like Professor Leone Levi cannot discover much mutuality in such an agreement. At the time this Treaty was signed, our Government grandiloquently denied any desire to make a *bargain*. As Mr. Gladstone† put it, "This is a *reciprocal* instrument if you like, *but a bargain it is not*, for you are giving nothing to France that is not a gift to yourself, and you are receiving nothing from France except measures from which France confers a benefit upon herself." The right hon. gentleman must have had peculiar notions of what a "reciprocal instrument" meant. Anything more wanting in the very elements of reciprocity than the French Treaty would be difficult to conceive; and as to giving nothing to France that is not a gift to ourselves, the figures that I am about to give will make the truth of that assertion rather questionable.

The effect of returning to the policy of 1859 would be to

* Vide *Journal of the Statistical Society*, Vol. xl, pp. 1 and 3.

† Then Chancellor of the Exchequer.

at once greatly reduce the import of French manufactures into the United Kingdom, for they could not hope in most cases to compete with our own unless they were imported here free of duty. At the same time the French would probably make their tariff prohibitory to most of our manufactures, and we should lose our export trade to France. Let us see what that export trade is worth, and for this purpose I ask special attention to the following table (which is a digest of the two tables in the Board of Trade Returns), showing the imports and exports of manufactured goods from and to France for 1880.

NATURE OF MANUFACTURES.	IMPORTS		EXPORTS	
	from FRANCE.		to FRANCE.	
		£		£
Brass and Bronze Manufactures	26,111		9,073
Caoutchouc Manufactures	153,612		25,743
Chemical Manufactures	299,454		223,876
China and Earthenware	141,465		103,794
Clocks and Watches	292,155		8,325
Cork Manufactures	200,321		nil.
Cotton Manufactures (including Yarn)	829,658		1,775,385
Glass	257,506		25,378
Hardwares and Cutlery	nil.		174,161
Hides, Tanned	560,905		nil.
Iron and Steel Manufactures	118,014		387,073
Lace	410,198		nil.
Leather Manufactures	1,700,145		262,205
Linen do.	75,903		305,542
Machinery and Implements	nil.		695,678
Musical Instruments	192,518		12,834
Oil Seed	72,537		125,366
Ditto other sorts, unenumerated Manufactured	77,906		89,623
Oil Seed Cake	71,732		nil.
Paper	152,841		65,390
Painters' Colours	84,411		98,267
Silk Manufactures	9,588,633		909,849
Skins and Furs (manufactured)	633,057		127,892
Sugar, <i>refined</i>	2,342,912		74,331
Woollen Manufactures (including Yarn)	4,600,362		3,395,447
Unenumerated Articles of Manufactured Goods*	..	845,063		2,450,102
Total	£23,627,419		11,344,334

* £1,797,627 worth of *unenumerated* manufactured goods were imported from France in 1880, a large proportion of which might fairly have been included in this table, but as it is impossible to say what proportion of them came into competition with Home manufactures, they have been excluded altogether, thus making the balance against ourselves less than it otherwise would have been.

In this table those articles only are entered in the imports from France, which are also made in this country, and which, therefore come into direct competition with our own manufactures.

What then would be the consequence if French manufactures were excluded by import duties from this country and our own manufactures entirely excluded from France?

The result would surely be, that £23 million worth more would be sold in this country which had been manufactured by Englishmen instead of Frenchmen, and that at least £12,000,000 would find its way into the pockets of Englishmen instead of Frenchmen. The gain would probably be more, as France does not make all our manufactures at home and could not afford to exclude all. In addition to this, if the principles of the National Fair Trade League are adopted, a vastly increased export would arise to our Colonies who would take British manufactures and exclude foreign ones.

Reserving for future consideration the effect of this Treaty on particular trades in this country, I will now glance at the advantages which we are at present supposed to enjoy through its operation, and enable my readers to judge, whether they counterbalance the very great injury, that I have shown is done by it to our manufacturing trade.

To discover these advantages, it will first be necessary to consider what the provisions of this Treaty were, and for this purpose we cannot do better than again refer to the paper by Professor Leone Levi*—an enthusiastic admirer of the Treaty—who will not fail to fully inform us of all the benefits which we either have extracted, or are likely to extract from it.

The Professor informs us that by this Treaty France engaged to abolish all prohibitions, and admit certain articles of British produce and manufactures at duties not exceeding

*Vide *Journal of the Statistical Society*, Vol. xI, pp. 3-13.

30 per cent. *ad valorem*, to be further reduced to duties not exceeding 25 per cent. from October 1, 1864. England, on the other hand, bound herself to abolish the duties on French silks and other manufactured goods, and to reduce the duties on French wines and brandies. As regards coals, France engaged to reduce the import duty, and both contracting parties engaged not to prohibit exportation of coal, and to levy no duty upon such exports. Each nation was to have the benefit of any concessions made by the other to a third Power, and was also bound not to make any prohibition of importation or exportation against the other which should not at the same time be applicable to all other nations.

In the eyes of Professor Leone Levi this Treaty conferred a great benefit on England, by "placing all her manufactures under the wholesome and invigorating influence of free competition"—a free competition which the French knew a great deal better than to allow their own manufacturers to suffer from, and which they took advantage of in every way, subsidizing their manufacturers, to enable them to flood our markets with their goods, taking away *labour* (and therefore *wages*) from our working classes, while at the same time an almost prohibitory tariff prevents us from getting a market there in exchange, except at an enormous disadvantage, all which entails the reduction of the cost of production almost to starvation point for our workmen. Neither British manufacturers nor British workmen object to the "invigorating influence of free competition," if it were but FAIR competition, and if our manufacturers were admitted on equal terms to the countries from which that competition comes; but it is needless to say they are not admitted on any such terms.

The advantages that Professor Leone Levi sees in the Treaty may be briefly summed up as—first, that it "recognises the right of the community to buy in the cheapest and sell in the dearest market," which it certainly does NOT do practically, for the heavy import duty levied by France, effectually pre-

vents the *latter*, as I shall show hereafter, when referring to the effect of the Treaty on particular trades.

The second advantage that the Professor sees, is that it places the least possible restrictions on necessities of life, the answer to which is that the importation of those articles was really but little affected by it; I must however defer the consideration of this point till I come to the figures given by the Professor.

The third advantage that he sees, is that it allowed French manufacturers to compete freely with those in England. I fully admit the truth of this so-called advantage, and proved it by the figures already given, but I believe, and hope to prove hereafter, that the temporary benefit to that section of the people which is not engaged in manufacturing pursuits, is a permanent injury to the nation generally.

The fourth advantage which the Professor sees is that the Treaty removes "all obstructions to the imports of raw materials for manufacture," but on this point it may be as well to quote a few words from a speech made by the late Lord Chancellor (Sir Hugh Cairns) when the French Treaty was under discussion, "Why was not a clause inserted securing us a free export of rags as a matter of right, instead of leaving it as a matter of future hope and indulgence? The French Government deal with us very differently. They, for example are anxious to have coal in abundance. Do they trust to assurances from the Government here that no difficulty will be thrown in the way of the export of coal? By no means; they ask for a distinct understanding that England will not prohibit the export of coal during the whole period of the Treaty. I think it might have occurred to our plenipotentiaries, 'Here is France asking us not to prohibit the export of an important product; may we not in return ask her to allow the free export of raw materials which are wanted in England.'" [The export of rags was left as a matter of "future hope" in spite of the remonstrances of Sir

Hugh Cairns, and the result has been that the restriction never has been removed, and great injury has consequently been inflicted on our paper trade. Had it not been for the fortunate discovery of Esparto grass and other substitutes for rags, the paper trade would long ago have been destroyed in this country; but there are many sorts of paper for which rags are quite indispensable, and as a proof how heavily the export duty on rags presses on our paper manufacturers, I may mention that a single paper manufactory paid the French Government no less a sum than £1,227 15s 3d for the year ending June 30, 1877, for the export duty on 749 tons of rags, and this had been going on for many years.

It will thus be seen that though the French may have obtained the advantage of the removal of all obstructions to the import of raw materials for manufacture by this Treaty, we did not do so. Professor Leone Levi goes on to prove the gratifying results of this Treaty by a table in which that gentleman thinks he proves, by the infallible test of figures, the immense boon that our Treaty with France is to ourselves. The table is rather a peculiar one, as it gives some articles in *quantities* and others in *value*, and, as I shall show hereafter, it is in one case—that of sugar—very inaccurate; But I give the figures as I find them:*

PRINCIPAL ARTICLES.				1860.	1875.	increase per cent.
Articles of Food—						
Animals ..	..	No.		7,620	59,083	675
Butter ..	..	cwts.		99,022	567,560	475
Eggs (1861) ..	..	gt. 100		1,364,051	4,835,103	254
Potatoes ..	..	cwts.		302,018	3,055,762	911
Sugar, unrefined ..	..	do.		547,669†	1,919,114†	250
Ditto, refined ..	..	do.		57,008†	1,016,843†	1,683
Spirit and Wine—						
Brandy ..	..	galls.		2,222,265	3,945,711	77
Wine ..	..	do.		2,445,151	5,280,914	115
Manufactures—						
Flowers, artificial ..	..	..		£113,018	£493,210	334
Gloves ..	..	Pairs		5,224,248	19,339,296	270
Silk manufactures ..	..	..		£1,135,987	£9,274,756	716
Woollen do. ..	..	..		1,049,347	3,078,459	193
Total value ..	..			£17,774,000	£46,720,000	168

* Vide *Journal of the Statistical Society*, Vol. xl, pp. 13.

† Vide Remarks, page 00.

In the above table the first item is entitled "Articles of Food," and under this head it is stated that only 7,620 animals were imported from France in 1860, whereas 59,083 were imported in 1875. On reference, however, to the Government returns, it appears that the imports of animals from France which would come under the head of "Articles of Food," were as follows :—

TABLE SHEWING IMPORT OF ANIMALS FROM FRANCE.

				1860.	1875.	1880.
ARTICLES OF FOOD—						
Oxen, Bulls, Cows, and Calves				.. 7142	8986	1465
Sheep and Lambs				.. .. nil.	8388	511
Swine and Hogs				.. .. nil.	29,660	nil.
Total number				.. 7,142	47,034	1,976
Horses	..	..	..	.. 478	12,049	1,175

So at first sight it is a little difficult to see how the Professor arrived at his figures, but a further reference to the returns shows that 478 *horses* were imported from France in 1860, and 12,049 in 1875, bringing the figures up to those quoted above. It will, however, surprise most of my readers to learn on such eminent authority that *horses* are part of our *food supply*! Whether or not the Professor may be right in thinking that our horses would be better used in the way he suggests, than in that we have always been accustomed to employ them, I cannot say, but in any case the supply of horses from France is steadily decreasing, having fallen from 12,049 in 1875, to 1,175 in 1880, and the cost of those now imported has now risen to £49 a-piece, so that as an article of food they will be slightly expensive. Excluding horses from the articles of food imported from France, and taking the year 1880 instead of 1875, it will be found that only 1976 animals were imported as against 7,142 in 1860! So instead of the vast increase of 675 per cent. as given in the Professor's table, the import of animals from France has dwindled down

under the Treaty to little more than a fourth of what it was before the Treaty was made, and there can be no need to credit the French Treaty with any increase in the importation of animals to this country which are articles of food, in spite of the vastly greater facilities that steam has given for their transit from France.

The increase in import of horses is so trifling as not to be worth consideration ; and if it were greater, there are plenty of horses in our Colonies that could make up the deficiency, if France closed her ports in consequence of the Treaty expiring. So much for animals.

I now come to three other "Articles of Food" mentioned by the Professor, viz., butter, eggs, and potatoes. Since the year 1875, the date to which his table is compiled the import of all these articles from France, except *butter*, has steadily decreased. Butter has remained nearly stationary, 531,649 cwts. having been imported in 1880 against 507,560 cwts. in 1875, but eggs have dropped from 4,835,103 great hundreds in 1875 to 3,151,158 in 1880, and potatoes have dropped from 3,055,762 cwt. in 1875 to only 1,792,574 cwt. in 1880. In spite of this decrease it is undoubtedly true that a large increase has taken place in the import of these articles since 1860, but it must be remembered that a trade in the two former items, butter and eggs, naturally sprang up when transit arrangements were so greatly improved as they have been in the past twenty years. Perishable articles like these, could hardly be imported at all before the invention of steamboats, and it is to the perfection of that invention, much more than to the French Treaty, that we must look for the cause of this large increase. With regard to eggs it is a well-known fact that poultry are not reared in this country to anything like the extent that they were in the past generation, which is sometimes accounted for by saying that the farmer's daughter, who used to rear the poultry and pigs, now plays

the piano instead.* Be the cause, however, of the increase of import of eggs and other such articles what it may, there is but little doubt that France will always be glad enough to get rid of her superabundant agricultural produce whether there is a treaty in existence or not, and that if she is suicidal enough not to do so, we can get it elsewhere. France has already by no means got a monopoly of our custom, for we import butter from eight other countries besides France; and it is very satisfactory to see in the returns for 1880 that our own colonies, Canada and Australia, figure largely as importers of butter, and that Canada also sends us 122,623 cwt. of potatoes, so we should not starve if we lost the French trade.

The next article which the Professor notices as having increased in imports under the French Treaty is sugar, and I fully admit the truth of this in the case of *refined* sugar, for imports of this article have naturally increased enormously, when supported as the trade is, by what is virtually a bounty on exportation of about three shillings a cwt. The result has been that the French have flooded our market with cheap loaf sugar, utterly ruined our loaf sugar manufacturers, and done immense injury to all branches of our refined sugar trade. The increase in imports, however, of *unrefined* sugar is quite another matter, and in the table given by the Professor there is an extraordinary error—extraordinary, I say, because it has been made by such a really reliable authority

* As I once saw it put to show the difference in the customs of the last generation and the present one—

“ Man to the plough,
Wife to the cow,
Girl to the sow,
Boy to the mow,
And your rents were netted.”

But now it is

“ Man, tally-ho,
Miss, piano,
Wife, silk and satin,
Boy, Greek and Latin,
And all are gazetted.”

on statistics as Professor Leone Levi undoubtedly is. The error has been caused as follows. In the Board of Trade returns for 1860, *unrefined* sugar came on the list of imports before refined sugar, but for some unknown reason they have transposed the order in which these articles come in the later returns. The result has been that the Professor has *transposed the amounts* of refined and unrefined sugar imported from France in 1875. They should be 1,919,114 cwts. refined and 1,016,843 cwts. unrefined, so even in the year quoted by the Professor the increase was only 85 per cent. instead of 250, and last year (1880) the import of unrefined sugar from France dropped to 115,298 cwts., so that instead of an *increase* of 250 per cent., as given in the table, we really have a *decrease* of nearly 80 *per cent.* ! Brandies and wines have increased in import under the Treaty, but whether this is an unmixed advantage to the British nation is another question, and it has caused an intense amount of jealousy on the part of Spain and Portugal, who declare, with a great deal of truth, that the admission of wines containing less than 26 degrees of spirit at the 1s. duty was a rule specially made to suit French, at the expense of Spanish and Portuguese wines. The fact is, that it is easy enough to send wines over from *France* with only that amount of alcohol in them, but they would not stand a voyage from Spain or Portugal ; so we really have dealt with the latter countries on anything but "free trade" principles.

Artificial flowers and gloves are imported much more largely under the Treaty, but they are articles that only affect the rich, and on which an import duty could be levied without really injuring anybody or reducing the supply, as France would be just as ready to send them to such a good market as England.

I have now nearly concluded the list of articles, by the import of which from France, Professor Leone Levi states that we are gaining so great an advantage. The only items that are left are silk and woollen manufactures. As I propose

hereafter to go more fully into the question of the effect of the Treaty upon particular trades, I will merely say here that it is undoubtedly true that the increase in the import of these manufactures is enormous. In fact, had the Professor gone back to 1859, the year before the Treaty came into force, he could have shewn a much larger increase in the import of woollens, for in that year only £607,609 were imported from France, while in 1880 the amount imported was worth £4,322,545, an increase of nearly 616 per cent. But when we note the fact, that we now import more woollen manufactures from France than we export to that country, and that, while this import is steadily increasing, the export is stationary, the advantage to us is not very easily understood. What I have said of woollens applies more strongly to silks, for while in the former case the injury is only commencing, in the latter it has already nearly stifled our trade.

Having now come to the end of the Professor's table of advantages, we can briefly summarise the results as follows:—

(1.) Larger supplies of food from France, which, as I have already stated, are as much or more due to improved means of communication, as to the Treaty.

(2.) More spirits and wines, which we could certainly do very well without.

(3.) More luxuries, such as artificial flowers, kid gloves, &c., which could not be made here, and

(4.) More manufactures which *can* be made here, and the import of which, free of duty, does great injury to our home-manufacturing trade.

When these are all the advantages which such an admirer of the Treaty as Professor Leone Levi can prove to exist, we may well ask, "Is it worth renewing at all?" What has already taken place in the negotiations with France regarding the renewal of the Treaty, has shewn that it is extremely improbable that France will consent to renew it except on terms still more unfavourable to us than the present one is.

French statesmen naturally think that we are too far compromised to the system, of which our chief economical professors are so much enamoured, to ever put on import duties again, and that thus by refusing to revive the Treaty, they may get the whole advantage of a market here for their manufactures without giving us anything in return. Professor Fawcett, in his very able work on "Free Trade and Protection," devotes nearly a whole chapter to proving that even under such circumstances it will be to our disadvantage as a nation to put any import duty on French manufactures; but, when we look at the effects already produced on many of our manufactures by the existing Treaty, it requires stronger arguments than any of those used by Professor Fawcett to show that any excuse would remain for our present system.

I will now glance at a few of the trades most affected by French competition. The first to which one naturally turns is the silk trade. This trade is probably one of those which Professor Fawcett would say had been* "artificially fostered and forced into a kind of unnatural existence through protection." There is, however, no real reason why this trade should not be conducted as economically in this country as in France. It must be remembered, too, that the *quality* of our English silk is excellent and—paradoxical though it seems—it has been in many cases the very *purity* of the silk manufactured here, that has caused it to be undersold by the adulterated French goods, which compete with it in the English market. Since certain revelations transpired a few years ago, a slight reaction has taken place in favour of good English silks; but it is doubtful whether the reaction will be lasting. People fancy French silks must be better than those made at home, and even writers on political economy echo the cry, saying that on free-trade principles our English silk trade

* *Vide* "Free Trade and Protection," by Professor Fawcett, page 6.

must consent to be extinguished. If, however, French silk is so incomparably superior to English, why, we may well ask, do the French keep up the heavy import duty, which so effectually excludes competition from many countries with their manufacture in France? Some silk manufactures are taxed on import no less a sum than 4s 4½d per lb.—that is they would be, if imported; but the tax is, of course, prohibitive. We do, however, still export to France a certain amount of silk manufactures. During the last financial year the value of this was £577,268, and, considering the odds against our manufacturers, it is a strong proof of the vitality of the trade that so much can be done. If they had *real free trade* there is no doubt the export to France would be largely increased, but instead of that, France imports into this country £9½ millions worth of silk manufactures free of duty, and by heavy import duties bars us from really competing on her own territory. The only gleam of prosperity which the silk trade of England has had since the French Treaty was passed, was in 1871 and 1872, when the French—paralysed by their war with Germany—could no longer export to the extent they had previously done. Imports of ribbons, which in 1870 had amounted to £3,721,855, dropped in 1872 to £1,898,588. The Coventry weavers began to return to their homes, but with the close of the war the unfair competition returned, and they are now nearly as badly off as ever. Of course there has not been the sudden collapse which occurred after the Treaty first came into force, when 10,000 weavers were wholly—and 4,000 more partially—on the books of a relief fund, but the trade is surely leaving us.

Now it must be borne in mind, that the silk-manufacturing trade of this country is one that still gives employment to a very large number of our working classes. The numbers employed in it in England and Wales, according to the Census of 1871, were 75,180, and the paltry benefit to the “consumer” in this country, who buys cheap French silks a

trifle cheaper than he perhaps otherwise would do, ought surely not to weigh in the balance against the claims of so large a number of our fellow countrymen.

Give our silks and ribbons free access into France, to stand or fall there in competition with French silks and ribbons, and we should not complain of free imports here; but at present the trade which ought to be accused of being "artificially fostered by protection" is that of France, while at the same time that in England is being ruined by spurious free trade.

The next trade I shall turn to is one, that of all others used to be the staple trade of England, viz., the *woollen** trade. This trade has greatly fallen off in the last few years. Our exports of woollen manufactures were valued at £32 millions in 1872, but last year (1880) they only amounted to £17 millions, and during the same period the imports of these manufactures increased from £4 millions to £7½ millions. Of the latter sum France sends us £4,300,000, or nearly two-thirds of the total import. What a glorious result of so called Free Trade! Here we have one of our oldest staple industries employing, according to the Census of 1871, 234,798 persons, a trade which, had we not literally played into the hands of our enemies, could not possibly have been injured by foreign competition, actually so far crippled, that *we now import into this country nearly half as much as we export from it*. No wonder Bradford operatives are beginning to see that it will not be any advantage to them to have cheap imports from foreign countries when their own trade is destroyed, and *they earn no wages to buy them with*.

There is no trade which would benefit more than the woollen trade by FREE access to Continental markets. Our export to France would probably be trebled at once if there

* So thoroughly English in origin is this trade, that the principal branch of it, worsted manufacture, is named after a village in Norfolk, where these goods were first produced. *Vide* "Animal Products," Simmonds, p. 49.

was no import duty there, but the French know better than to let us in on fair terms. According to the tariff of the treaty now in force, woollen and worsted yarns are taxed from 4s. 0½d. to £2 0s. 8d. per cwt.—and *superior qualities 30 per cent. extra!* Why should we put money in the pockets of French workmen instead of English when we are so unfairly treated?

I now come to the sugar trade. So much has lately been written and spoken on the subject of the French competition in this trade, that I need only briefly refer to it. The French Government really gives a bounty on the export of refined sugar. The way this bounty is given is that the duty on *raw* sugar is charged in proportion to the estimated yield of *refined* sugar. That estimate is purposely made too low. It is based on the calculation that the raw sugar will yield 80 per cent., but it really yields about 90. The refiner, on exporting his sugar, is repaid the duty on 90 per cent, whereas he has only paid on 80. The difference is the bounty. This bounty is really about 3s. on every cwt., and amounts altogether to about £800,000 per annum in value. The loaf sugar trade is the branch that is *directly* affected by this bounty, and the result has been its utter destruction. So complete has that destruction been, that out of twenty-three loaf-sugar refineries which were working a few years ago in England, only two were working in 1877. But the whole refined sugar trade of this country is also *indirectly* affected by this iniquitous system, and in addition has enormous duties put upon its import by all foreign nations, while they are allowed to import into England free. Our import of refined sugar last year from France amounted in value to £2,342,912, while we only exported there £74,331. The fixed capital invested in British refineries amounts to several millions sterling, and a large industrial population is dependent on them for employment, which, I fear, they will not much longer get. And yet, if I were asked whether the ruin of

our loaf-sugar refineries had brought any benefit to the English consumer of sugar, I should certainly say that it had *not* done so, for the French have now a monopoly of the trade, and eventually we shall have to pay dearer for our sugar than we had before we allowed our own refineries to be ruined. That we are now entirely dependent on the French was shown in 1877, when an anticipated failure of the French beet crops immediately raised prices about 30 per cent. Nor can it ever be said that there has been any real gain to the consumer for another reason, which many of them are now finding out to their cost, viz., that it takes *two* lumps of *beet* sugar to sweeten a cup of tea, as much as *one* of cane sugar would do, and cane loaf-sugar is now almost unprocurable.

In "leather manufactures" the import from France of "boots and shoes" has increased enormously. In eight years it has gone from £85,908 to £261,292, an increase which must eventually affect the trade very seriously. To shew the increased foreign competition in this trade I will mention that, while 483,648 pairs of boots and shoes were imported into this country in 1873, 1,145,844 pairs were imported in 1880, of which more than half came from France. So great has the increase in import been in this trade, that the Board of Trade now enters the import by "*dozens* of pairs," whereas up to 1877 they were entered by single pairs.

The glass trade of this country is more affected by Belgian than by French competition, though considerable injury is done by the latter. I do not here propose to refer to this more particularly, except to quote the words of the French Government to the glass manufacturers of this country, in reply to an appeal for fair play, which was as follows:—

"To accord the request of the English glass manufacturers would be contrary to French interests. You ask us to suppress a duty that may bring us in revenue; what duty in England would you repeal as an equivalent for our giving up the duty on sheet and plate glass?"

What a commentary is this upon Professor Fawcett's admission that "a protectionist country is obviously in a much better position to negotiate a commercial treaty than one that has adopted a complete free trade policy." *

The last trade I shall refer to, in considering the effects of French competition, is the straw hat trade. This trade has hitherto been able to hold its own in the French market, and thereby recoup itself for the injury done by import of French straw hats to this country. The import of straw hats from France last year amounted in value to £34,852, while the export to France from here amounted to £97,887, but one of the "concessions" demanded by the French Commissioners, when the negotiations for a fresh treaty were commenced, was that an extra duty of 2d. each should be levied on straw hats. This extra duty will, if allowed under a new treaty, have a most disastrous effect on the straw industry, which employs some 50,000 or 60,000 people in the Luton district, but one fresh trade swallowed up in the maw of so-called free trade would, of course, not trouble the consciences of political economists.

Before leaving the French Treaty there is one clause in it to which I must refer, namely, that regarding the export of coal. France had no coal to export to us, so the engagement on her part "not to prohibit the export of coal" was a farce. It was very different in our case, for in taking off the export duty on our coal we were furnishing France with the "sinews of war" to compete with our own manufacturers in a way she would otherwise have been incapable of doing. Cheap coal was one of the greatest advantages that we possessed, and was perhaps the chief cause of our supremacy as a manufacturing nation. Take away that advantage, and where are we likely to be landed? Labour *must* always be dearer here than in a warmer climate, for our workmen must live in a different way to natives of more southern countries. Why give away the advantages we possess? Our doing so has

* Vide Professor Fawcett's *Free Trade and Protection*, p. 169.

been almost as great an act of folly as that committed in 1868 by the Indian Government, when it kindly presented the Ameer Shere Ali with two complete batteries of artillery and about 16,000 stand of rifles, to be used shortly afterwards in killing and maiming our own troops. The coal we let the French have on such easy conditions, has enabled that nation to become what it never was before—a manufacturing people, and a formidable competitor to ourselves.

Professor Fawcett says that had we not permitted the export of coal, we should have been losers by our own policy, as France would have got coal from America. We should have lost a good customer for our coal, and yet France would have been equally well supplied and as capable of competing with us in manufactures. To this I would answer, that carriage from America must be a heavy item for such a bulky article as coal, and would have heavily handicapped the French manufacturers. But granting that what Professor Fawcett states is correct, and that our export of coal to France would cease in consequence of our keeping an export duty on coal, yet by his own showing this would have been an advantage to the English nation, as it would have cheapened coal in England, and to use his own words, “a rise in the price of coal must be just as severely felt by the people as if a first necessary of life were subjected to a heavy tax. It is an impost from which the humblest cannot escape.” And he elsewhere tells us that a sudden increase in the demand for coal in 1872 raised the price 13s 6d per ton, and that the English people had in consequence “to pay annually £13,500,000 more for the coal which is used for household purposes” than they would otherwise have had to do. Had the production been reduced by limiting export, such a rise in the price of coal would never have occurred, and it must never be forgotten, that, while to encourage the export *manufacturing* trade, is the first essential for the prosperity of a country situated as England is, the export of our *mineral wealth*—which we require for our own use—on

too easy terms, is not by any means calculated in the same degree to increase the material wealth of the country.

I have now completed the consideration of the effect of the French Treaty upon our trade. At the time that treaty was first entered into, the sole idea of the Government of this country was that England was to be the "Apostle of Free Trade." She was to throw open her markets to all the world, utterly regardless whether the nations who sent their manufactures here for sale would do as they were done by, and give us reciprocal treatment. Mr. Cobden said, in one of his speeches on free trade, "We shall never make progress in the principles that we advocate, until we leave it to other countries to take the course that they believe to be best for their interests after calm consideration, and until they have seen, by the example England has set, that the free trade adopted by her was beneficial to her own interests." We certainly have not succeeded in making other nations see this. The idea of the world becoming one vast commercial brotherhood, was no doubt grand in its conception, but no other country in the world shows the slightest inclination to follow us in our desire to make it so in reality. Both in the old and in the new worlds, we meet with nothing but the most decided rebuffs.

The position now is widely different to that which it was when the treaty was first entered into. France has become a competitor with ourselves in almost every trade of this country. She has shown us most thoroughly that she will never learn free trade by our teaching, and our enthusiastic freetraders had better "hark back," as they say in the hunting field, and try the effect of having something to offer that may tempt their neighbours to open their ports. The French have so much more to lose by abolishing the commercial treaty between us than we have, that they will probably give way if they see we are determined, and give us the reciprocity which is at present conspicuous by its

absence. They may say that we do not give free entry to their wine, which is their chief manufacture, but this is really no grievance, for the "low alcoholic standard"* gives their wines a great advantage over those of Spain and Portugal; and and they would not be likely to ship more wine to this country if the duty were entirely removed. If we took the duty off French wines we should, on free trade principles, have to do the same on all other wines, and then France would lose the advantage she now possesses over Spain and Portugal, and have no other start left her in the race, than the slightly cheaper freights at which she can ship her wines to England. In fact, the entire removal of the wine duty, though it would benefit Spain and Portugal, would be a very doubtful benefit to France. This being so, France, at any rate, has no excuse for refusing us reciprocity.

As I have already stated, the French Treaty was the precursor of similar commercial arrangements with many other countries, and I shall briefly refer to some of them. Commencing with Belgium, we export to that country in round figures about £3½ millions of manufacture, while we *import* from Belgium about £6 millions, so that on a smaller scale the result is much the same as with France.

Though still in its infancy, it is competition in the wrought iron trade that we have most to fear from Belgium. Our imports from there do not seem very large but they represent a much greater injury to our iron trade than appears at first sight.† Not 5 per cent. of the joists and fitch-plates, so much

* Wines which have less than 26 degrees of proof spirit in them are admitted at a shilling duty, while those above that strength have to pay half-a-crown.

† Professor Fawcett, although usually most accurate, falls into a curious error in his remarks upon Belgian competition in the Iron Trade. He says that "the quantity of iron and steel imported from Belgium into England is so trifling that it is not enumerated in her articles of export" (vide *Free Trade and Protection*, p. 68). Professor Fawcett's book was published in 1878. I have now before me the Belgian Government Returns for 1876, and at

used now in buildings, are of English make. Immense contracts have been lately executed entirely with Belgian iron, and these contracts have not only been in the neighbourhood of seaports, for I know of one instance where some iron works in South Staffordshire were lately partially rebuilt, and though in the heart of the principal mineral field in England, all the iron used was imported from Belgium, and delivered at 10s per ton less than the price at which it could have been bought on the spot.

As for girder bridges, Belgian iron is being used all over the country. One great advantage that Belgium possesses is cheapness of sea carriage. An average freight for iron from Antwerp or Brussels to London is 6s per ton, while from Staffordshire it is 15s. by rail to London; and in addition to the cheapness of sea carriage, the rates by rail to ports in Belgium are almost nominal, for the railways are in the hands of the Government, and they (with very different ideas to those in power here) think it good policy to encourage export trade in every possible way.

Belgian iron ore is very poor, and richer iron is required to mix with it. In consequence of this the import duty on pig-iron is only 5 francs per ton, and this duty, in order to encourage export trade, is remitted on its being proved to the satisfaction of the authorities, that the finished iron made therefrom is really exported. As it is very difficult under any circumstances to say what proportion of "finished" ought to be turned out of a given quantity of "pig," this would in all probability act as a bounty system similar to that in the sugar trade in France, described in a former article. A similar arrangement *does* act as a bounty in the French iron trade, but the lowness of the duty in Belgium prevents its doing us much harm.

It cannot be denied that there is a considerable margin of

page 137 of those Returns, out of seventy-two articles quoted as exported to England, "Fer battu étiré et laminé," stands *seventh* in point of importance and "Ouvrages de fonte et de fer" stand *fifteenth*.

price in favour of Belgium iron sold in London, a difference of about £2 a ton on rolled joists, and of about 25s. per ton on bar iron, over the price of Staffordshire iron. Whatever the cause of this difference may be, and even granting that it is to some extent due to superiority in Belgian workmanship, yet is it fair that they should have all the advantages of free import of the kinds of iron manufactures in which they excel, while our manufacturers are barred by import duties from sending the sorts of iron in which we excel for sale in Belgium? The duty on finished iron in Belgium is from 10 to 11 francs per ton. This is not nearly such a heavy handicap as that in France, which varies from 60 to 70 francs per ton, but the superiority of Belgium over French manufacture makes the lower duty in the former case almost equally prohibitory. In fact, of the £560,447 worth of iron and steel that we sent to Belgium last year, £350,949 was pig iron, showing how thoroughly our *finished* iron manufacturers are kept out by the duty. The pig iron comes from Middlesbro,' and the Cleveland ironmasters would perhaps lose a good customer, if we put an import duty on Belgian iron, as the Belgians would then probably get all the pig iron they required from Luxembourg; but on the other hand, the improved demand for home-made finished iron would much more than recoup us for the loss thus sustained.* A much more serious objection is that raised by Professor Fawcett, and by all political economists of that class, viz., that the English consumer would have to pay more for iron, and for the numberless articles made wholly or partially of iron. It cannot be denied that the consumer gains now by the cheapness of Belgian, as compared with English iron; he can build a house or make a railway cheaper *now* than if an import duty were placed on

* Pig Iron, and Manufactured Iron are totally distinct trades, and the small advantage we get in exporting the former, to mix with the poorer Belgian iron is nothing compared to the injury done us by the large import of manufactured iron.

Belgian iron ; but how will it be if our finished iron trade, no longer able to compete against low prices, ceases to exist ? Surely it is only too certain that the Belgians will not be so generous as to continue to export at present prices, and that the English consumer will eventually have to pay far more than if he had not allowed a national industry to go to decay.

There is one other trade to which I must refer before leaving Belgium and that is the glass trade. We now import from Belgium nearly £900,000 worth of glass, whereas our export to that country is *nil*. This, however, is not all. Strange though at first sight it may seem, the Belgian glass manufacturers actually export glass to this country, and sell it *under cost price*. The way that this is done is as follows : To get 15 cwt. of the better sorts of glass, you must make 85 cwt. of the inferior sorts. These inferior sorts are exported to England and sold at a loss, the manufacturer recouping himself by selling the better sorts in his own country at a higher price than they ought to command. The heavy import duty on glass prevents foreign competition from interfering with this arrangement, and as the English manufacturer cannot afford to part with his commoner glass in the same way, he is a heavy loser. An article in a Belgian newspaper now before me is rather *apropos* to what I have just said, for in it the Belgian manufacturers are urged to "*hausser leur prix de quelques shillings par caisse*," because it had been found out that English manufacturers were unable to sell below 31s 6d that which their own (Belgian) were giving away at 26s 6d (*cèdent à 26s 6d*).

The two countries to which I have already alluded, France and Belgium, are the most conspicuous instances of the injurious effect upon our manufacturing industries of so-called free trade, but they are not the only countries that have shown their determination to adhere to protection, and to take every advantage they can of our blind adherence to a policy of "educating other nations into free trade." The Swiss

lately raised their import duties from the $4\frac{1}{2}$ per cent. *ad valorem* to $11\frac{1}{2}$ per cent. Elastic webs, for instance, the manufacture of which employs a large number of persons in this country, were raised from 30 francs per 100 kilos., at which they were formerly taxed, to 70 francs. The india-rubber thread with which the elastic web is made was only raised from 7 francs to 8 francs, evidently because the object of the Swiss was to protect their own elastic web industry.

Switzerland takes a most unfair advantage of us in one way, viz., in sending watches over to be "hall-marked." Swiss watches are sent over to England, the case is hall marked, the watch sent back to Switzerland, and then re-imported here, and sold as an *English* watch! Whereas, if it had not the hall-mark, which most purchasers believe to be a proof of its authenticity, it would not fetch nearly the same price. Our American cousins have lately, I believe, taken a leaf out of the same book, and are using our hall-mark for the same purpose.

In 1877 Spain, without any warning, suddenly brought into operation a revised tariff, by which England is placed at a special disadvantage of other nations. This caused a storm of indignation on the part of the various Chambers of Commerce of this country, but though our Government has doubtless done its best to obtain us redress, there is no appearance of Spain giving way. Portugal has always been notorious for enormous duties. Austria also lately increased her tariff. All duties there are now paid in gold, and this provision alone is equal to an addition of 15 per cent. in the nominal rates. Those duties that most affect our manufactures have been added to. A few classes of goods, it is true, are admitted at a lower rate than formerly, but they are of the least important class of our products. Heavy woollens now pay an additional 15 per cent., medium substances an increase of 65 per cent., and light cheap goods an extra 125 per cent! These heavy duties have had a very serious effect

on the trade of the Leeds district. As for the United States, we really believe that few of our readers are aware how monstrous the tariff is that is there levied upon our manufactures. It is *never less than* 20 per cent., and is in some cases *nearly* 100 per cent. It is, however, rather difficult to show the per centage in some cases. On paper the duty is from 20 to 35 per cent.; on refined sugar about $2\frac{1}{2}d.$ a lb.; iron is never under 35 per cent., and in some sorts of manufactured iron the duty is £16 a ton! glass is 35 to 50 per cent.; silk of all sorts, 60 per cent.; cotton goods, 35 to 40 per cent.; woollen cloth, 2s. 1d. per lb., and 35 per cent.; webbing, 35 per cent.; carpets, 50 per cent., and Axminster, 3s. 11d. per yard, with 35 per cent. in addition for Wilton. As is remarked in the preface to the English copy of the United States tariff, "With a tariff of over 60 per cent. *ad valorem*, beside freight, the English carpet manufacturers have at present but limited opportunities for competition"; and the same might be said of many other of our trades.

There did appear some chance some time ago that this tariff might be reduced, but it is now quite evident that any reduction will not affect our *manufactures*. The United States Government may, and probably will, let raw materials in at less rates, but that will only increase the impossibility of our being able to compete in their market, which is just what they wish. The working men's demonstration held at Pittsburg, in Pennsylvania, in which free trade was unanimously opposed, shows the feeling of the manufacturing classes on the subject. Fifteen thousand workmen took part in that demonstration, and the first resolution that passed was that, "Reiterating our abiding faith in protection, and its beneficial effects on the whole country, we protest against any departure from its principles in framing of our tariff laws." This does not make it appear probable that our endeavours to educate the United States into free trade are likely to prove very successful.

Professor Fawcett incurs a great deal of trouble to demonstrate, that it would be impossible to *retaliate* on the United States for the very serious injury which their tariff, as he says,* “undoubtedly inflicts” on our trade; that injury being the “strongest case that can be adduced in support of what is called a policy of reciprocity.” Now, I deny *in toto* that the United States do represent the strongest case—very far from it. France and Belgium, about which Professor Fawcett is conveniently silent, are far stronger instances, for the very reason which he himself afterwards gives to show the impossibility of retaliation—viz., that they (France and Belgium) export manufactures principally to this country, whereas the principal export from the United States is agricultural produce.

There are, however, some things even now imported from the United States, which come into very injurious competition with a large industrial class in this country. We imported from thence, last year, £106,259 worth of “house frames, fittings, and joiners’ work.” This, with £57,493 worth imported from Sweden, represents already a very serious injury to our carpenters and joiners; and it is an injury which is only in its infancy, if we continue our present policy, and which is likely to attain very different proportions. The carpenters and joiners of England and Wales alone numbered 205,833 at the census in 1871, so their interests deserve consideration. Large quantities of ready-made furniture, from kitchen chairs and tables to the most elegant drawing-room cabinets, are also being sent over. The wood applicable to the better class of furniture is so abundant that it is quite superfluous to use veneers. The articles are therefore, made solid, and will consequently stand more wear and tear than those made here; and, owing to machinery and cheap wood, they can be sold here for much less than articles

* Vide *Free Trade and Protection*, p. 61.

made in England. Free traders will say, "So much the better for the British consumer," but are they prepared to see the poor rate doubled?

Another trade that is already suffering greatly from American competition is the elastic web trade. To use the words of a working-man in that trade—

"Previous to the imposition of her prohibitive duties, America was our principal market, giving us orders of six and twelve months's duration, working 70 and 80 hours per week; but, alas! this is all changed, for under present arrangements we are unable to obtain a single order, and need I point the consequences. Hundreds have been deprived of employment; manufacturers ruined, and half their machinery rendered useless; while those at present employed have undergone an amount of privation and suffering painful to remember. Meanwhile, stimulated by her protective duties, America has been developing her trade, until not only is she able to supply her own requirements, but can import her surplus stock into this country free, and thus still further increase the misery of our people."

The *reality* of the injury done by foreign competition to our trade can now no longer be gainsaid, nor the fact that the evil is an increasing one.*

It is an evil that cannot any longer be kept in the background by calling everyone who alludes to it an idiot or a scoundrel, which has been too much the fashion, even with men holding a position such as Mr. John Bright does, and the arguments of those who ask for *Fair Trade* will have in future to be met by arguments, and not by shouts of derision.

The fairest effort to meet the case by argument, has been made by Professor Fawcett in his valuable work on "Free

* Vide table A in the Appendix, where I have endeavoured to shew plainly the amount of manufactured goods which are imported in direct competition with similar articles manufactured here.

Trade and Protection." He does not attempt to overstate his case, and he himself says, "I think it cannot be denied that the progress of free-trade has been materially retarded by its advocates assuming a too contemptuous tone towards the supporters of Protection in other countries. *We in England are much too prone to overstate the results of free-trade.*"* I have already shewn in these pages how even an able statician like Professor Leone Levi, cannot be trusted to give an unbiassed report on the effects of the French Treaty on our trade. Where his report was correct, the test of time has shewn that the increase in our trade with France was either due to other causes than the French Treaty, or was only a temporary increase, which would gradually but surely fall off as the French with the aid of our machinery improved their own manufactures.

The benefits that free trade brought in the first instance to the commerce of this country cannot be denied, and those who now advocate a change of policy do not wish to deny them, but they do wish it to be fairly considered that other causes besides free trade have been in operation, to bring about the unexampled growth of prosperity which followed the abolition of protection in this country, one being the vastly increased use of steam. The great reason, however, why we succeeded so wonderfully in increasing our trade when we threw open our ports, was that our manufacturers then saw their only chance of existence lay in launching out on a vastly different scale to that which they had previously adopted. I have seen it stated that the very same gentlemen who protested to Lord Palmerston that the French Treaty would ruin the paper trade, on their return home doubled their trade plant—and in doing so they acted wisely—for they fore-saw that in future they must be prepared to compete with the whole world, and that though in the long run their

* Vide *Free Trade and Protection*, p. 11.

trade would surely suffer by that competition, yet with the stock they had got in machinery and skilled workmen, they could for the present distance all competition, and even conquer heavy hostile tariffs, thereby "out of the nettle danger plucking the flower safety." They succeeded; with the start they had got they did distance all competitors, and did many of them realize large fortunes.

It was the same with most other trades at the time, but the success of these early practises of our "Free Import" Policy* must not be taken as a conclusive proof that our Quixotic Crusade against protection is always going to answer. One great difficulty that we are already feeling is, that when trade has been expanded, as ours has been, we cannot draw back—'vestigia nulla retrorsum,' and the question is now that we manufacture on such a vast scale, whether we must not adopt different methods for keeping up our sales, to what we did on first launching out into competition with the whole world. When we began this course, we looked upon the game of commerce as one in which we could easily give all-comers any number of points, and moreover we saw that if we did *not* do so *they would refuse to play at all*, but unfortunately as time went on, and they got our coals and machinery and *even our workmen*, they gradually crept up to an equality with us. It is no use attempting to give them points *now*. They play the game as well as we do. What then are we to do? The answer in my opinion is plain, viz. resort to the policy we never ought to have left, put moderate duties on all manufactured goods, admitting the raw materials of industry free. Put these duties on upon this distinct under-

* If that "Utopia" of Political Economists, "Universal Free Trade" is attainable at all, it will be by the *gradual* and *simultaneous* reduction of tariffs between different nations, each reduction being a reciprocal advantage to both nations. It can never be attained by our plan of throwing all our best cards away, and then expecting our opponents to do the same.

standing, that they are to be taken off at once in favour of any country that treats us in a similar way. We shall thereby regain the power of "bargaining" for the reduction of hostile tariffs which we have now lost. Professor Fawcett says that when the aid of such an agency has once been resorted to, "its future operations cannot be controlled," but surely we have some statesmen with strength of mind enough to carry such a policy through, in spite of the clamours of any particular class of manufacturers, who having once again tasted the sweets of protection, might be loth to relinquish them.

We have too long looked upon the "consumer" as the one person to be considered in this country, and it is considered a fatal argument against import duties, however temporary, that the general body of consumers, not connected with manufacturing pursuits, are gainers by the present system, and would be heavy losers by the change. The competition amongst British manufacturers themselves is now so keen, that I much doubt whether any permanent rise in prices would be caused by even the total exclusion of foreign manufactures; but even granting that a considerable rise in prices would take place, surely it is better for the British Public to have to pay the *indirect* tax, than to have to grapple with the wholesale Pauperism which would result from the destruction of any of our staple trades.

The comparatively small trade of Coventry, the ribbon trade, caused a heavy strain upon the resources of the district, 10,000 weavers were wholly and 4000 partially on the hands of a relief fund, owing to the effects of the French Treaty on their trade. Think what the result would be of a similar collapse at Birmingham, Manchester, or Bradford. It is a great mistake to suppose that we are an *agricultural* nation, a great deal of nonsense is both spoken and written in favour of this idea, and it is as well to shew how entirely opposite to

the truth it is. The total population of England and Wales at the census in 1871 was 22,712,266, out of these only 1,657,138, or *about one-fourteenth* were engaged in agricultural pursuits, whereas 4,451,983, or about *one-fifth* were engaged either in manufacturing or in mining, or other trades dependant on such pursuits. The proportion in Scotland is exactly the same as in England and Wales, viz., one-fourteenth agricultural, one fifth manufacturing. In Ireland alone is the proportion reversed, as out of a population of 5,412,377 only 466,012 are engaged in manufacturing pursuits, and 1,043,621 in agriculture ; considering then, the vast number of persons that we now have dependant upon manufacturing pursuits for a livelihood ; the consumer who obtains his income from other sources, is still deeply interested in the welfare of the manufacturing trade of the country, as the destruction of any portion of that trade must increase the poor rate, and besides doing that, it will inevitably touch the consumer's pocket in another way, viz., by causing a *rise in the price of the article manufactured*. The foreigner when he has once destroyed our trade, and has no English competition to fear, will no longer export to this country at the same prices that he did before, but having got the trade in his own hands will name his own prices.

As I have already stated, now that we have once commenced to manufacture on the vast scale that we do, it is exceedingly difficult to draw back. The working man's idea of meeting this difficulty, which has already occurred in the cotton trade, is by limiting production in an arbitrary way which could never answer, and although so far our great Cotton Trade has not felt the effects of foreign competition in this country, still it finds itself steadily but surely shut out from its old markets in Europe and the United States, while those same countries that shut them out are becoming more and more ready to compete in the neutral markets of the world.

During the seven years from 1873 to 1880, the following reduction has taken place in our export of cotton manufactures :

			YARDS.
Holland	..	..	10,659,000
France	..	..	51,892,000
Germany	..	..	9,346,000
Portugal	..	..	5,157,000
Austria	..	..	9,927,000
Italy	..	..	25,073,000
United States	..	..	31,616,000

So that it appears that we exported in 1880 nearly 100,000,000 yards less to these countries than we did in 1873. Although the bulk of our export of cotton manufactures for the same period shewed a large increase. The fact of our finding fresh markets at a greater distance from home, does not however effect the proof that we are fast losing our markets nearer home and anything that will tend to permanently secure to the cotton trade, the market of Great Britain herself and all her colonies will be a great boon to the cotton trade hereafter, even if it is not much felt now, and this a 'Fair Trade' Policy would do.

The formation of the Fair Trade League, the programme of which is given in the Appendix, will, it is hoped, enable the country to more thoroughly understand the views advocated by those who ask for *Fair Trade*, instead of the pretended *Free Trade*, which governs our commercial relations with other nations. The views of Fair Traders have been systematically misrepresented by Mr. John Bright and others, especially on the point of import of raw materials for our manufacturing trade. It will be seen that clause II of the programme specially states that the policy advocated is "Imports of Raw Materials for Home Industries Free from every quarter, in order that we may compete successfully in the sale of our manufactures."

To regain the power of "bargaining" with foreign nations for the entry of our manufactures into their countries on terms of *fair exchange*, the policy is advocated of levying Import Duties on the manufactures of all Foreign States

refusing to receive our manufactures on fair terms, such duties to be removed in the case of any nation agreeing to take our manufactures duty free.

The remaining point on which great stress is laid by the Fair Trade League is the formation of a National Zollverein between ourselves and our Colonies and dependencies, by means of which the resources of the Empire will be developed, and, as stated in this programme, to turn the "flow of British capital, skill and industry, henceforth *into our own dominions instead of into Foreign Protective States* where it becomes a force commercially hostile to us."

All must see the vast gain it would be to this country if our Colonies became an integral part of the Empire, and a community of interests is the only way in which they can become so. Hitherto their interests have been utterly divergent, but the policy advocated by the Fair Trade League would gradually divert our Food supply from the United States to Canada, Australia, and New Zealand, and although I am quite aware that the very mention of a duty on articles of food is likely to raise a storm of opposition in many quarters, yet I think all who calmly consider the subject must see the force of the arguments used by the Fair Trade League in favour of a moderate duty on all articles of food from foreign countries, the same being admitted free from all parts of our Empire prepared to take our manufactures in reasonably fair exchange.

A serious objection has been raised to this part of the programme by a recent writer in the *Times*, and as I know his views are shared by many who would otherwise feel inclined to join the movement in favour of fair trade, I will refer to it. His point is that it would be useless to ask the Canadians to "at the same time do themselves an injury and us a favour" by admitting our manufactures free of duty, and that if we held out the "bait," as he calls it, of putting Canada on a better footing than the corn-growers of the United States, they

would not accept it, as they would foresee that we may afterwards come to terms with the United States and throw them over. Now, as to the favour to Canada, if the programme of the Fair Trade League be carried out, the advantage will be vastly on the side of Canada, for a most trifling advantage would throw nearly the whole corn market of England into the hands of Canada instead of the United States. Nothing can show this better than the Board of Trade Returns for last (1880), from which it appears that the import of wheat from that portion of the United States on the Pacific seaboard amounted to 6,555,994 cwt., being more than one-fifth the total import from the United States. What the Pacific States can do, Canada can do as well or better, as soon as railways have developed her resources, and she will then have the additional advantage of virgin soil, whereas United States farmers are already beginning to find that their soil is not what it once was. The Canadians know well enough the immense advantage it would be to them to even temporarily divert the corn trade, and even if we did afterwards come to terms with the United States, they would be certain to retain at least a portion of the trade that had once been diverted. It must not be forgotten that Canada already sends us a large quantity of Corn. The import from there last year was as follows:—

				Cwts.
Wheat	..	..	..	3,887,532
Oats	..	..	..	738,990
Maize	..	..	..	3,322,327
Wheat Meal and Flour	..	..	..	1524,700
Oat Meal	..	..	..	97,630
Total cwts.	..	..	..	8,571,179

so that the foundation of the trade already exists.

What I have said of Canada is, I believe, equally true of New Zealand, and a very large proportion of our food supply might be drawn from there, if they had a trifling advantage over the United States. The gain to ourselves

of a closer union with our Colonies is obvious, and although it is perfectly true that our farmers would, of course, get a proportionately higher price for home-grown corn, I still believe that the advantage of a national *Zollverein* between ourselves and our Colonies would far counterbalance the trifling increase in the price of food to the general consumer, and would recoup the artisan many times over by opening up a profitable trade with them for our manufactures.

I bring these pages to a close by giving an extract from a speech delivered many years ago by one who has not lived long enough to see the realization of his own prophecy. The speech was made by Mr. Disraeli when we first abolished import duties.

"I have faith in the primitive and enduring elements of the English character. It may be vain now, in the midnight of their intoxication, to tell them that there will be an awakening of bitterness. It may be idle now, in the spring-tide of their economic frenzy, to warn them that there may be an ebb of trouble. But the dark and inevitable hour will arrive; then when their spirit is softened by misfortune, they will recur to those principles that made England great, and in our belief can alone keep England great."

I fear the "awakening of bitterness," that he then prophesied, will not be long in coming.

APPENDIX A.

Table shewing the value of "manufactured" and "part manufactured" goods imported in the year 1880, which came into direct competition with similar articles manufactured in this country:—

NATURE OF ARTICLE.	PAGE OF BOARD OF TRADE RETURNS.	VALUF.
Arms, ammunition, and military stores of all sorts	39	£280,583
Beads of all sorts (including glass beads)	40 and 13	88,768
Brass, bronze, and metal, bronzed or lacquered	40	70,779
Buttons and studs, not of metals	40 and 13	665,415
Candles, stearine, and other kinds	40 and 13	358,688
Caoutchouc manufactures	41 and 13	122,522
Chemical	41 and 13	1,139,335
China or porcelain ware	41 and 13	324,887
Clocks	41 and 13	555,018
Confectionery not otherwise enumerated	41 and 13	485,456
Copper, nnwrought and part wrought	41, 42 and 14	2,434,972
Copper manufactures	42 and 14	94,296
Cordage, twine, and cable yarn	42 and 13	376,133
Cork, manufactured	42 and 13	376,844
Cotton manufactures of Europe, &c.	44 and 13	2,502,951
Drugs, unenumerated	44 and 13	665,387
Earthenware, not being china or porcelain ware	44	143,676
Embroidery and needlework	45 and 13	45,240
Flax, dressed, and tow of flax	45 and 13	544,997
Flowers, artificial	45	463,109
Glass of all kinds	46 and 13	1,776,472
Gold, leaves of	47	124,626
Hair, manufactures of	48 and 14	107,902
Hats and bonnets of all materials	48	142,253
Hemp, dressed, and tow	48	170,670
Hides, tanned, tawed, curried, or dressed	48, 49, and 14	3,055,023
Iron, pig	49	333,413
" bars	49 and 14	1,214,626
" steel, unwrought	49 and 14	70,123
Iron and steel, wrought or manufactured	49 and 14	2,425,522
Jute yarn	50 and 14	163,853
Lace	50 and 14	474,140
Lead, pig and sheet, and lead manufactures	50	1,591,991
Leather manufactures—boots and shoes	50 and 14	381,579
" gloves	50 and 14	1,742,591
" unenumerated	50 and 14	278,753
Linen yarn, and manufactures	51 and 14	515,582
Metal unenumerated, wrought or manufactured	52	97,225
Carried forward .. ..	.. ..	£26,405,380

NATURE OF ARTICLE.	PAGE OF BOARD OF TRADE RETURNS.	VALUE.
Brought forward		£26,405,380
Musical Instruments	52 and 14	706,878
Oil, seed oil of all kinds	53 and 14	517,812
„ chemical, essential, or perfumed	53 and 14	207,315
Oil seed cake	53 and 14	1,942,834
Painter's colours and pigments	54 and 14	822,157
Paper of all sorts (including hangings)	54 and 14	1,215,048
Petroleum, refined	54	1,296,390
Silk manufactures of countries in Europe	58 and 15	13,085,083
Skins and furs, <i>dressed</i> , and manufactures therefrom	59	3,349,680
Stationery other than paper	60	96,947
Succades (including fruits preserved in sugar)	60	121,154
Sugar, refined, and candy	60 and 15	4,436,872
Tin, in blocks, ingots, &c.	61 and 14	1,736,096
Tobacco (<i>manufactured</i>), cigars, and snuff	68 and 15	1,130,288
Toys	61 and 15	577,397
Watches	61 and 15	427,663
Wood—house frames, fittings, and joiners' work	62	186,881
Woollen yarn	63 and 15	1,857,404
„ manufactures	63 and 15	7,649,778
Zinc manufactures	63	387,921
Goods unenumerated, <i>manufactured</i>	39 to 63	682,187
Grand total .. ..	..	£68,839,165

An additional amount of £5,179,419 is included in the Board of Trade Returns as “unenumerated manufactured goods,” but as it is impossible to say what proportion of them came into competition with Home manufactures, I have excluded the amount altogether, but it may fairly be said, that in round numbers seventy million pounds worth of manufactured goods are now imported into this country, which come into direct competition with our own manufactures.

APPENDIX B.

PROGRAMME OF THE NATIONAL FAIR-TRADE LEAGUE. INDEPENDENT OF PARTY POLITICS.

Meaning and Purposes.

Convinced of the practical failure of the present system of "Free Trade" (so called) which consists of the Free admission into the United Kingdom of Foreign Manufactures and Food Products, notwithstanding the exclusion of British Manufactures from Foreign States through the operation of heavy, and in some instances prohibitive, tariffs.

Convinced that this refusal of Foreign Nations to receive British Manufactures in exchange for our purchases from them is working most injuriously to the welfare and prosperity of the Nation, and endangering the steady employment, fair wages, and future well-being of our working classes.

This League is formed to promote, by every means at its command, an extension of trade with all Countries, and ESPECIALLY WITH OUR COLONIES AND DEPENDENCIES, prepared to deal with the United Kingdom upon the principle of reasonably free interchange; and to agitate for such fiscal re-adjustments as shall prevent the products of foreign states, which refuse to deal with Great Britain in FAIR TRADE, from unduly competing with the PRODUCTS OF HOME LABOUR.

POLICY ADVOCATED.

I. That there be NO RENEWAL OF COMMERCIAL TREATIES, unless terminable at a year's notice, so that no entanglements of this kind may stand in the way of our adopting such a

fiscal policy as the interest of the Empire—and the action of foreign nations—may render needful.

II. IMPORTS OF RAW MATERIALS FOR HOME INDUSTRIES FREE, from every quarter, in order that we may compete successfully in the Sale of our Manufacturers.*

The arguments often used that food and, in a secondary degree, clothing, are of the *nature* of “raw material,” and that their cheapness is just as essential to success in the competitive sale of our manufactures, are, as Mr. Cobden properly argued, utterly fallacious.† Because, wages, are regulated by the supply of, and demand for labour, and never by the prices of food or clothing, which affect only the comforts of the workers. It is the contention of the League that these comforts are vastly more affected and curtailed by the operation of high foreign tariffs, and by unfair competition of foreign products—by which the market for home labour is depressed and wages are reduced—than they would be by the moderate duties upon Foreign (not Colonial) food which it is sought by the League to have imposed. (Section IV.)

III. ADEQUATE IMPORT DUTIES TO BE LEVIED UPON THE MANUFACTURES OF FOREIGN STATES refusing to receive our Manufactures in Fair Exchange, to be removed in the case of any nation agreeing to take British Manufactures duty free.

Not for the purpose of “*Protection*” to our own manufactures, but to regain our “bargaining power,” and to create a basis for negotiation with countries such as France, &c., for the cessation of bounties, and for the free admission of our manufactures. Meantime these duties would give us temporary aid by preserving a

* In this category, in addition to Wool, Cotton, raw Silk, Hemp, Flax, Jute, and such fibrous staples, Manufactures of all kinds, Timber, Ores of all metals, Fibre for paper making, &c. &c., would of course be included.

† “It is a complete delusion to suppose that the price of food regulates the rate of wages.”—(*Rd. Cobden. Speech in the House of Commons, 1842.*)

“Wages depend upon the relative rates of increase of capital and population, which is equivalent to saying that they depend upon supply and demand.”—(*Professor Fawcett's Manual of Political Economy.*)

larger proportion of the home trade for the employment of our own industries.*

IV. A VERY MODERATE DUTY TO BE LEVIED UPON ALL ARTICLES OF FOOD FROM FOREIGN COUNTRIES, the same being admitted FREE FROM ALL PARTS OF OUR OWN EMPIRE, prepared to take our Manufactures in reasonably free interchange.

1. TO DEVELOPE THE RESOURCES OF OUR OWN EMPIRE, and to determine the flow of British capital, skill, and industry henceforth *into our own dominions instead of into Foreign Protective States* where it becomes a force commercially hostile to us.†
2. Thus to transfer the great food-growing industries which we employ, *from Protective Foreign Nations*, who refuse to give us their custom in return, *to our own Colonies and Dependencies*,‡ where our goods will be taken, if not "duty free," yet subject only to revenue duties almost unavoidable in newly settled countries, and probably not equal to one-third the protective duties levied by the United States, Spain, Russia,§ &c.

* "The case in which it may be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. There may be good policy in retaliations of this kind when there is a probability that they will procure the repeal of the high duties or prohibitions complained of."—(*Adam Smith's "Wealth of Nations,"* Book iv., chap. 2.)

"The only mode in which a country can save itself from being a loser by the revenue duties imposed by other countries on its commodities, is to impose corresponding revenue duties on theirs."—(*John Stuart Mills's "Principles of Political Economy,"* Book v., chap. 4.)

† "Such a labour as that which would establish a true federation between the United Kingdom and her Colonies would be worthy a statesman. It would be undertaken if the British Parliament were less a Chamber in which peddling interests are discussed and settled by compromise, and more a Senate where great questions of policy were debated and determined."—*Pro. Thorold Rogers in "Cobden Club Essays."*

‡ In British North America alone there is land available for the supply of wheat for the whole requirements of Europe!

§ Even at the present time, every quarter of wheat imported from Australia affords us in return sixteen times as much trade and employment as a

3. This, meantime, would do equal justice to the classes interested in agriculture, who are entitled to the same treatment as those connected with manufactures, and who are now subjected to the unfair competition of produce raised upon virgin untaxed lands, by a wasteful system of agriculture which restores nothing to the soil, and is thus the equivalent of a Bounty.
4. These duties being levied for the purpose of developing our own, instead of foreign territories, should be steadily maintained for a term sufficiently long to accomplish that end. This would be needful also in order to keep faith with settlers and capitalists devoting their industry and capital to the cultivation of new lands, and to the formation of railways, canals, &c., in reliance upon the stability of our policy.
5. In cases of luxuries, such as tobacco, wines and spirits, which, like home-produced beer and spirits, are heavily taxed for revenue, the duties levied upon foreign products should be 10 per cent. higher than those of the Colonies or India. (The adoption of a 10 per cent. duty would largely reduce the price of tea, as also of coffee and dried fruits, to the British consumer. Indian tea would come in duty free, whilst that from China would pay about one penny per lb. only, instead of the present enormous duty.)

The argument so often used that to tax foreign food *necessarily* raises its price to the consumer, is not overlooked. In the present state of our dealings with the chief food-producing countries of our age, this argument is, however, practically untenable. America, for example, sends us only the *surplus* of her stocks, which she must in any case sell at the *best price she can obtain*. Such "Market-dues," therefore, as her customers may demand in exchange for the privilege of a market-place, must be paid by America as an exporter. In other words,

quarter of wheat imported from the United States; and every quarter of wheat imported from Canada thirty-five times as much as one imported from Russia.

“Where the supply is not only commensurate with, but probably greater than the demand, an import tax falls on the *foreign exporters* who, to that extent, relieve the national burdens of the importers.

But when the demand alone creates the supply, the position is reversed, and an import tax is then necessarily borne *by the importing nation*.

This distinction is generally lost sight of when treating of the economy of taxation.

The Revenue from the adoption of this Policy would be, in all probability, temporary only, and almost from the first a diminishing not an increasing one :

Because, Whether the duties upon Foreign Manufactures resulted chiefly (1) in an increased consumption of home manufactures ; or (2) in absolute freedom of exchange of manufactures with countries like France,—the yield of these duties must in either case become less ; and because, as the differential duties on foreign food gradually effected their purpose, by transferring the growth of food for British consumption from foreign countries to our own dominions, (whence it would come in duty free), their yield would also necessarily diminish.

Therefore, it is considered that the balance of such revenue, after compensating the Exchequer for the reduction of the duties upon tea, coffee, dried fruits, &c., should be applied in **REDUCTION OF LOCAL TAXATION**, town and country alike, during the continuance of the existing period of adversity and pressure which the operation of this policy is intended to mitigate or remove.

THE NATIONAL FAIR-TRADE LEAGUE confidently advocates this Programme not only as one which would secure for us and our children the substance, in place of the shadow, of Free Trade—since the very duties imposed would be constantly working to extinguish themselves,—but also as a **GREAT NATIONAL POLICY**, which, while stimulating trade at home, and promoting the prosperity of all classes, would bind together more closely, by the ties of a common interest, the mother country and her scattered populations, strengthening

the foundations, and consolidating the power and greatness of the Empire.

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